

Council : 2010-

ANNUAL REPORT : 1 JULY 2008 TO 30 JUNE 2009 (6/1/1 – 2008/2009)

Report : Administrator: 2010-02-09

1. PURPOSE

The purpose of this report is to table the annual report for the period 1 July 2008 to 30 June 2009 for consideration by the Council, in accordance with section 121 of the Municipal Finance Management Act No 56 of 2003.

2. DISCUSSION

The draft annual report is attached hereto as Annexure “A” – “C”.

Section 127 of the Municipal Finance Management Act No 56 of 2003 which deals with the submission and tabling of annual reports reads as follows:

(2) *“The mayor of a municipality must, within seven months after the end of a financial year, table in the municipal council the annual report of the municipality and of any municipal entity under the municipality’s sole or shared control*

(4) *Immediately after an annual report is tabled in the council in terms of subsection (2), the accounting officer of the municipality must –*

(a) in accordance with section 21 A of the Municipal Systems act –

(i) make public the annual report, and

(ii) invite the local community to submit representations in connection with the annual report; and

(b) submit the annual report to the Auditor-General, the relevant provincial treasury and the provincial department responsible for local government in the province.”

3. HANDLING OF AUDIT REPORT

3.1 Introduction

The final draft report of the Auditor-General’s report on the results of Performance Measurement, and the Financial Statements of the Lekwa Local Municipality ended 30 June 2009, have been received and are attached to this report as annexure “A1 and “A2” (see paragraph 3.2 of the report) regarding the handling of the report of the Auditor-General, sections 4(3)(c) and 4(3)(d) of the Auditor General Act No 12 of 1995 read as follows:

“4(3)(c) The Chairperson of the Council shall, after receipt of a report from the Auditor-General, submit the report not later than the second succeeding ordinary

meeting of the local government, which shall not take place behind closed doors, for discussion: Provided that the Auditor-General or his or her representative may elucidate such meeting if he or she deems it to be in the public interest.

4(3)(d) Within 30 days after the date of the meeting referred to in paragraph (c), the Chairperson of Council shall submit a copy of the minutes of that meeting containing the comments of the local government in regard to the report and indicating what actions will be taken or are to be taken in connection with any matter revealed by the report, to the Auditor-General, and to the Provincial Director-General concerned."

The Auditor-General has been notified of the venue and time of where and when the Audit Report will be discussed by Council. Notice has also been given in terms of section 46(3) of the Local Government: Municipal Systems Act no 32 of 2000 to inform the Local Community of the meeting of Council.

When Council deals with the Audit Report, it should be dealt with item by item (paragraph by paragraph) and enough time should be allowed for questions of comments by Councillors or members of public.

The Audit Reports are dealt with item by item under paragraph 4 of the Annual Report.

3.2 Discussion of the Report of the Auditor General to the member of Council on the Financial Statements of Lekwa Local Municipality for the year ended 30 June 2009

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. In this paragraph it is mentioned that the Auditor General was engaged to audit financial statements of Lekwa Local Municipality, which comprised of the Balance Sheet as at 30 June 2009, Income Statements and Cash flow, and a summary of significant accounting policies and other explanatory notes.

Comments

Contents noted.

The Accounting Officer's Responsibility for the Financial Statements

2. In this paragraph it is mentioned that the Accounting Officer is responsible for the preparation and fair presentation of these financial statements in accordance with the entity-specific basis of accounting, as set out in accounting policy 1 and in the manner required by the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) and for such internal control as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Comments

Contents noted.

The Auditor-General's Responsibility

3. In this paragraph it is mentioned that the responsibility of the Auditor-General as required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Act, 2004 (Act No 25 of 2004)(PAA) is to express an opinion on these financial statements based on conducting the audit in accordance with the International Standards on Auditing and General Notice 616 of 2008, issued in Government Gazette No 31057 dated 15 May 2008.

It is further mentioned that because of the matter discussed on the basis of disclaimer of opinion paragraphs, the Auditor-General was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Comments

Contents noted.

Basis for Disclaimer of Opinion

Unappropriated Surplus

4. In this paragraph it is mentioned that journal entries against the unappropriated surplus with a debit value of R3 495 422 and a credit value of R2 659 032 could not be substantiated, as no supporting documents or journal vouchers were available for review. Due to the disclaimer of opinion received in the prior five years the Auditor General was unable to determine the possible effect of errors which may exist in the opening balance on the results for the year under review, and the balances as at the end of this period. The municipality's financial system did not permit the Auditor General to perform any alternative procedures and consequently the Auditor General was therefore unable to obtain sufficient and appropriate audit evidence as to the valuation of the closing balance of the unappropriated surplus account at the balance sheet date.

Comments

Noted, an internal control system has been put in place wherein prior to a journal being processed in the system, supporting documentation and the journal entry must be signed off by the Sectional Manager and approved by the Chief Financial Officer. In addition the supporting documents for all journal entries have since been compiled and will be submitted for audit. This matter has been prioritised on the audit action plan for the 2009/2010 financial year.

Debtors

5. In this paragraph it is mentioned that under the accrual basis of accounting income is accrued when it is due, collected, measurable and available to finance operations. As indicated in note 9 to the financial statements, a provision for bad debts is made in respect of consumer debtors. This provision is however understated by an amount of

R40 149 000. Had the correct value for this provision been provided, the loss for the period would have been stated at R48 062 208, debtors would have been reduced by an amount of R40 149 000 and unappropriated surplus would have been reduced by an amount of R40 149 000.

Comments

Noted, the provision of bad debts was understated with the said amount which is in the prior year. Council took a resolution that it be written off, however due to the method applied to indemnify such debtors, the resolution was not implemented. This matter should be addressed through data cleansing and debt collection strategy and once identified as legitimate it would be written off.

6. In this paragraph it is mentioned that due to the disclaimer the Auditor General was unable to determine the effect of errors which may exist in the opening balance on the results which are recorded in the year under review and in the balances as at the end of this period. The municipality's financial system did not permit the Auditor General to perform any alternative procedures and consequently the Auditor General was unable to obtain sufficient and appropriate audit evidence as to the completeness, existence and valuation of the debtors balance at the balance sheet date.

Comments

Noted, the municipality received a disclaimer for several years. In order to rectify opening balances an assessment should be carried out and an appropriate method applied to rectify the balance. Until such time that this matter is not addressed, opening balances will remain a query. Appropriate skills should be sourced to handle this aspect together with the conversion to GRAP.

Fixed Assets

7. In this paragraph it is mentioned that expenses to the value of R1 012 815 which is capital in nature and should have been capitalised to fixed assets have been recorded in the repairs and maintenance account. Had these expenses been capitalised the net loss for the period would have been stated at R6 900 393, fixed assets would have increased by R1 012 815 and accumulated surplus would have increased by R1 012 815.

Comments

Noted, such items will be capitalised if above R5,000 in terms of the Fixed Asset Register Policy of Council. Furthermore this correction will be made when the municipality prepares the GRAP compliance assets register.

8. In this paragraph it is mentioned that note 5 to the financial statements indicates additions to the value R22 744 202. The details of amounts making up this amount could not be provided, and hence the Auditor General was unable to confirm or verify the existence and valuation of additions.

Comments

The supporting documents which include amongst others, purchase orders and project completion certificates have since been put together and will also be dealt with as in 7 above.

9. In this paragraph it is mentioned that due to the disclaimer received in the prior year the Auditor General was unable to determine the effect of errors which may exist in the opening balance on the results which are recorded in the year under review, and in the balances as at the end of this period.

Comments

Noted, same as in 6 above.

10. In this paragraph it is mentioned that the municipality did not have a fixed asset register, the Auditor General was unable to identify individual assets making up the balance of fixed assets as disclosed in the balance sheet and in note 5 of the financial statements. The municipality's records did not permit the application of alternative audit procedures regarding these assets. Consequently, Auditor General could not determine the existence, completeness and valuation of these assets disclosed at R49 717 831 in note 5 to the balance sheet.

Comments

Noted, same as 7 above.

Creditors

11. In this paragraph it is mentioned that according to the accrual basis of accounting, expenses are accounted for when it is incurred in the income statement and unpaid statement at year end are accounted for as liabilities in the balance sheet.

Comments

Noted, due to the negative cash flow the municipality withheld payments to creditors which could be viewed as short term liabilities rather than accrued creditors. An adjustment was since made on the financial statements.

12. In this paragraph it is mentioned that journal entries with a credit value of R1 932 355 could not be sustained, as no supporting documents or journal vouchers were available for review. In addition, due to the disclaimer received in the prior year the Auditor General was unable to determine the effect of errors which may exist in the opening balance on the balances as at the end of this period. The municipality's financial system did not permit the Auditor General to perform any alternative procedures and consequently the Auditor General was unable to confirm the completeness, valuation and rights and obligations of the creditors balance at the balance sheet date.

Comments

Noted, an assessment and appropriate adjustment should be made on the prior years' opening balances in order to address this matter.

VAT Liability

13. In this paragraph it is mentioned that the municipality did not submit any value-added tax (vat) returns for the year under review and consequently no supporting documentation relating to VAT and the related control accounts could be obtained.

Comments

Noted, the municipality previously outsourced this matter. Currently there is a litigation from the previous company and this forms part of the investigation that was carried out by COGTA. The organizational structure in the finance department was since updated to cater for an accountant position to handle this matter, and service provider will be supported to do the review.

14. In this paragraph it is mentioned that alternative procedures were applied to estimate the movement on this account, and the penalties and interest due for the period under review. Due to the disclaimer received in the previous year the Auditor General was unable to determine the effect of errors which may exist in the opening balance on the results which are recorded in the year under review and in the balances as at the end of this period. The municipality's financial system did not permit the Auditor General to perform any alternative procedures and consequently could not obtain sufficient, appropriate audit evidence to confirm the completeness, existence or valuation of the balance of R3 098 218 in respect of the VAT control account, included with the creditor balance disclosed in note 11 to the financial statements.

Comments

Noted, same as item 12.

Income

15. In this paragraph it is mentioned that under the accrual basis of accounting, income is accrued when it is due, collected, measurable and available to finance operations. As indicated in the income statement revenue to the value of R261 840 368 was accrued for in the year. This value is however understated by an amount of R13 227 900. Had the correct value of revenue been accrued a profit for the period would have been stated at R5 314 692, debtors would have been increased by R13 227 900 and accumulated surpluses would have increased by R13 227 900.

Comments

Noted, the assumption made that revenue is understated is as a result of incorrect billing where in some consumers were not charged interest, basic water, basic electricity and in some cases incorrect rates applied. A data cleansing exercise should be prioritized in order to deal with this matter.

16. In this paragraph it is mentioned that journal entries against the revenue accounts with a debit value of R94 310 453 and a credit value of R12 585 965 could not be substantiated, as no supporting documents or journal vouchers were available for review. The Auditor General was therefore unable to confirm the validity of entries against the revenue accounts.

Comments

Noted, an internal control system has been put in place wherein prior to a journal being processed on the system, it must be recommended together with supporting documents by the Sectional Manager and approved by the Chief Financial Officer.

Documentation for this query has since been approved and will be dealt with in terms of the audit action plan.

Expenditure

17. In this paragraph it is mentioned that journal entries against the expenditure accounts with a debit value of R2 309 745 could not be substantiated, as no supporting documents or journal vouchers were available for review. The Auditor General was therefore unable to verify the validity of entries against the expenditure accounts.

Comments

Same as 16.

Disclaimer of opinion

18. In this paragraph it is mentioned that because of the significance of the matters described in the Basis of disclaimer of opinion paragraphs, the Auditor General has not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, the Auditor General does not express an opinion on the financial statements.

Comments

Noted.

Emphasis of Matters

The Auditor General draws the Municipality's attention to the following matters on which the Auditor General does not express a disclaimer of opinion:

Basis of Accounting

19. In this paragraph it is mentioned that it is the municipality's policy to prepare financial statements on the entity-specific basis of accounting, as set out in the accounting policy note 1 to the financial statements.

Comments

Noted, the municipality should comply with GRAP in the 2009/2010 financial year.

Fruitless and Wasteful Expenditure

20. It is mentioned in this paragraph that it was disclosed in note 25 to the financial statements, fruitless and wasteful expenditure to the amount of R5 167 568 was incurred by the municipality.

Comments

Noted, the municipality has taken appropriate action on this matter and awaits the outcome from the National Prosecuting Authority.

Other Matters

The Auditor General draws the Municipality's attention to the following other matters that relate to their responsibilities in the audit of the financial statements:

Non-Compliance with Applicable Legislation

Municipal Finance Management Act

21. In this paragraph it is mentioned that no disclosures regarding contributions to organized local government were made in the financial statements as stated in S125 (1)(b) of the Act.

Comments

Noted, indeed an amount of R362 828 was paid to SALGA and has since been rectified.

22. In this paragraph it is mentioned that there was no disclosure note on non-compliance with the MFMA as required by S125 (1)(b) of that Act. Instances of non-compliance have been noted by our audit procedures.

Comments

Same as 21.

23. In this paragraph it is mentioned that the municipality did not disclose in the notes whether they have complied with the conditions of the grants that were received, nor did they disclose reasons for any non-compliance as per S123(1).

Comments

Noted, the grants were disclosed in note 12, however the reason for under-expenditure were not provided and will be disclosed in future.

24. In this paragraph it is mentioned that many of the issues raised in the previous year's audit report were included again in this report, indicating a failure to comply with section 131 of the MFMA which requires the mayor to ensure that the municipality addresses any issues raised by the Auditor General.

Comments

Noted, in order to address issues raised in this and previous reports, an audit action plan has been developed and is attached as annexure "A", which categorizes the queries into six areas. In addition responsibilities will be assigned with an action plan and target date.

Governance Framework

25. In this paragraph it is mentioned that the governance principles that impact the auditor's opinion on the financial statements are related to the responsibilities and practices exercised by the accounting officer and execution management and are reflected in the internal control deficiencies and key governance responsibilities addressed below:

Comments

Noted.

Internal Control Deficiencies

26. In this paragraph it is mentioned that in Section 62(1)(c)(i) of the MFMA states that the accounting must ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control. The table below depicts the root causes that gave rise to the deficiencies in the system of internal control, which led to the qualified opinion. The root causes are categorized according to the five components of an effective system of internal control. In some instances deficiencies exist in more than one internal control component.

Par. No.	Basis for qualified opinion	CE	RA	CA	IC	M
7	Corresponding figures	7				
8	Debtors	7			1	
9	Fixed assets	7				1
10	Fixed assets	7				1
11	Creditors	7			1	1
12	VAT Liability	7			1	1
13	Disclosures	7			1	

- The lack of controls in terms of policies and procedures on financial management, as well as lack of proper monitoring, supervision and discipline within the finance department has negatively impacted the municipality in terms of financial reporting.

Legend	
CE = Control environment (ISA 315.14(b) and A69-A75)	
The organisational structure does not address areas of responsibility and lines of reporting to support effective control over financial reporting.	1
Management and staff are not assigned appropriate levels of authority and responsibility to facilitate control over financial reporting.	2
Human resource policies do not facilitate effective recruitment and training, disciplining and supervision of personnel.	3
Integrity and ethical values have not been developed and are not understood to set the standard for financial reporting.	4
The accounting officer/authority does not exercise oversight responsibility over financial reporting and internal control.	5
Management's philosophy and operating style do not promote effective control over financial reporting.	6
The entity does not have individuals competent in financial reporting and related matters.	7
RA = Risk assessment	
Management has not specified financial reporting objectives to enable the identification of risks to reliable financial reporting.	1
The entity does not identify risks to the achievement of financial reporting objectives.	2
The entity does not analyse the likelihood and impact of the risks identified.	3
The entity does not determine a risk strategy/action plan to manage identified risks.	4
The potential for material misstatement due to fraud is not considered.	5
CA = Control activities	
There is inadequate segregation of duties to prevent fraudulent data and asset misappropriation.	1
General information technology controls have not been designed to maintain the integrity of the information system and security of the data.	2
Manual or automated controls are not designed to ensure that the transactions occurred, are authorised, and are completely and accurately processed.	3
Actions are not taken to address risks to the achievement of financial reporting objectives.	4

Control activities are not selected and developed to mitigate risks over financial reporting.	5
Policies and procedures related to financial reporting are not established and communicated.	6
Realistic targets are not set for financial performance measures, which are in turn not linked to an effective reward system.	7
IC = Information and communication	
Pertinent information is not identified and captured in a form and time frame to support financial reporting.	1
Information required to implement internal control is not available to personnel to enable internal control responsibilities.	2
Communications do not enable and support the understanding and execution of internal control processes and responsibilities by personnel.	3
M = Monitoring	
Ongoing monitoring and supervision are not undertaken to enable an assessment of the effectiveness of internal control over financial reporting.	1
Reviews by internal audit, the audit committee or self-assessment are not evident.	2
Internal control deficiencies are not identified and communicated in a timely manner to allow for corrective action to be taken.	3

Comments

Noted.

Key Performance Responsibilities

27. In this paragraph it is mentioned that the MFMA tasks the accounting officer with a number of responsibilities concerning financial and risk management and internal control. Fundamental to achieving this is the implementation of key governance responsibilities, which I have assessed as follows:

No.	Matter	Y	N
Clear trail of supporting documentation that is easily available and provided in a timely manner			
1.	No significant difficulties were experienced during the audit concerning delays or the availability of requested information.		N
Quality of financial statements and related management information			
2.	The financial statements were not subject to any material amendments resulting from the audit.		N
3.	The annual report was submitted for consideration prior to the tabling of the auditor's report.		N
Timeliness of financial statements and management information			
4.	The annual financial statements were submitted for auditing as per the legislated deadlines [section 126 of the MFMA].	Y	

No.	Matter	Y	N
Availability of key officials during audit			
5.	Key officials were available throughout the audit process.		N
Development and compliance with risk management, effective internal control and governance practices			
6.	Audit committee		
	<ul style="list-style-type: none"> The municipality had an audit committee in operation throughout the financial year. 	Y	
	<ul style="list-style-type: none"> The audit committee operates in accordance with approved, written terms of reference. 	Y	
	<ul style="list-style-type: none"> The audit committee substantially fulfilled its responsibilities for the year, as set out in section 166(2) of the MFMA. 		N
7.	Internal audit		
	<ul style="list-style-type: none"> The municipality had an internal audit function in operation throughout the financial year. 		N
	<ul style="list-style-type: none"> The internal audit function operates in terms of an approved internal audit plan. 		N
	<ul style="list-style-type: none"> The internal audit function substantially fulfilled its responsibilities for the year, as set out in section 165(2) of the MFMA. 		N
8.	There are no significant deficiencies in the design and implementation of internal control in respect of financial and risk management.		N
9.	There are no significant deficiencies in the design and implementation of internal control in respect of compliance with applicable laws and regulations.		N
10.	The information systems were appropriate to facilitate the preparation of the financial statements.	Y	
11.	A risk assessment was conducted on a regular basis and a risk management strategy, which includes a fraud prevention plan, is documented and used as set out in section 62(c)(i)/95(c)(i) of the MFMA.		N
12.	Delegations of responsibility are in place, as set out in section 79/106 of the MFMA.	Y	
Follow-up of audit findings			
13.	The prior year audit findings have been substantially addressed.		N
14.	SCOPA resolutions have been substantially implemented.	n/a	
Issues relating to the reporting of performance information			
15.	The information systems were appropriate to facilitate the preparation of a performance report that is accurate and complete.		N
16.	Adequate control processes and procedures are designed and implemented to ensure the accuracy and completeness of reported performance information.		N
17.	A strategic plan was prepared and approved for the financial year under review for purposes of monitoring the performance in relation to the budget and delivery by the Lekwa Local Municipality against its mandate, predetermined objectives, outputs, indicators and targets [section 68/87 of the MFMA (municipalities)].	Y	
18.	There is a functioning performance management system and performance bonuses are only paid after proper assessment and approval by those charged		N

No.	Matter	Y	N
	with governance.		

It is also mentioned here that the municipality has performed very poorly due to a lack of capacity at many levels and a thorough process should inform the staffing of the entity in order to eliminate many of the challenges which are currently being faced. In addition, the sourcing-in of consultants to assist with financial reporting did not yield the expected outcomes as prior period audit findings have not been substantially addressed, and the performance management system in place is inadequate.

Comments

Noted.

Investigations

28. In this paragraph it is mentioned that an investigation into the financial administration and compliance, and irregularities at the licensing and traffic section of the municipality was performed during the year under review. This report was tabled and noted at the council meeting of 4 August 2009.

Comments

Noted, the matter is in the hands of the Administrator.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on Performance Information

29. In this paragraph it is mentioned that the Auditor General was engaged to review the performance information.

Comments

Noted.

The Accounting Officer's Responsibility for the Performance Information

30. In this paragraph it is mentioned that in terms of Section 121(3)(c) of the MFMA, the annual report of a municipality must include the annual performance report of the municipality, prepared by the municipality in terms of section 46 of the MSA.

Comments

Noted, no performance assessment was carried out in the year under review.

The Auditor-General's Responsibility

31. In this paragraph it is mentioned that the Auditor General conducted their engagement in accordance with section 13 of the PAA read with *General Notice* 616 of 2008, issued in *Government Gazette* No. 31057 of 15 May 2008 and section 46 of the MSA.

Comments

Noted

32. In this paragraph it is mentioned that in terms of the foregoing the Auditor General's engagement included performing procedures of an audit nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgment.

Comments

Noted

33. In this paragraph it is mentioned that the Auditor General believes that the evidence they have obtained is sufficient and appropriate to provide a basis for the findings reported below.

Comments

Noted

Findings on Performance Information

Non-Compliance with Regulatory Requirements

34. In this paragraph it is mentioned that the municipality did not develop and implement mechanisms, systems and processes for auditing the results of performance measurements as part of its internal audit processes, as required in terms of section 45 of the MSA.

Comments

Noted, the municipality had a scorecard developed but no assessments were conducted.

35. In this paragraph it is mentioned that that Lekwa Local Municipality did not adopt or implement a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organized and managed, including determining the roles of the different role players, as required in terms of regulations 7 and 9 of the Municipal Planning and Performance Management Regulations, 2001.

Comments

Noted, no proof could be provided for the adoption of PMS frameworks.

Performance Information Not Received in Time

36. In this paragraph it is mentioned that an assessment could not be performed of the reliability of the reported performance information, since the information was not received in time for audit purposes.

Comments

Noted

Appreciation

37. In this paragraph it is mentioned that the assistance rendered by the staff of Lekwa Local Municipality during the audit is sincerely appreciated.

Comments

Noted

4. In order to address the issues in more detail, an action plan has been put in place and categorised as follows: (draft copy is attached as annexure “B”)

- Fixed Assets
- Cash and Cash Equivalents
- Compliance with Legislature
- Employee Cost

5. Annual Report

- A draft annual report for the period under consideration which emanates from all departments is attached as annexure “C”.
- In terms of the letter from the Auditor General, the following should be noted:

- “2. The audit report is issued as a final draft pending our receipt of all other documents that will be included in the annual report that will contain the audited financial statements is received.*
- 3. Once these documents are received we will read them to establish if there are any inconsistencies with the audited financial statements. You will then be requested to amend the other information or the financial statements in respect of any inconsistencies. Once this process has been satisfactorily completed we will issue the final signed audit report.*
- 4. In terms of section 121(3) of the MFMA you are required to include the audit report in the municipality’s annual report to be tabled.*
- 5. Until the annual report is tabled as required by section 127(2) of the MFMA the audit report is not a public document and should therefore be treated as confidential.*
- 6. Prior to printing or copying the annual report which will include the audit report you are required to do the following:*
 - Submit the final printer’s proof of the annual report to the relevant senior manager of the Auditor General of South Africa for verification of the audit-related references in the audit report and for confirmation that the financial statements and other information are those documents that have been read and audited. Special care should be taken with the page references in your report, since an incorrect reference could have audit implications.*
 - The signature Auditor-General in the handwriting of the auditor authorised to sign the audit report at the end of the hard copy of the audit report should be scanned in when preparing to print the report. This signature, as well as the place and date of signing and the Auditor-General of South Africa’s logo, should appear at the end of the report, as in the hard copy that is provided to you. The official logo will be made available to you in electronic format.*
- 7. Please notify the undersigned Business Executive/Senior Manager well in advance of the date on which the annual report containing his audit report will be tabled.*

- A Draft Annual Report will be tabled with a portfolio of evidence to the Oversight Committee wherein each departmental head will present his/her section.

RECOMMENDATIONS OF THE ADMINISTRATOR

- (1) That cognisance BE TAKEN of the following:
 - 1.1 Audit Report for 2008/2009 submitted to Council in terms of Auditor General Act, Act No 12 of 1995;
 - 1.2 The draft action plan to deal with issues raised in the Audit Report and the Management letter;
 - 1.3 The final audit report will be issued once the following matters raised in the letter dated 11 December 2009 have been addressed:
 - Supporting documents for the annual report
 - Printers version of the annual report for verification by the Auditor General
- (2) That cognisance BE TAKEN of the Draft Annual Report for 2008/2009 Financial Year tabled to Council in terms of Section 127 of the Municipal Finance Management Act, Act 56 of 2003;
- (3) That the Draft Annual report BE REFERRED to a committee of at least Councillors to handle to report in terms of Section 129 of the Municipal Finance Management Act, Act 56 of 2003, wherein all head of department and the Administrator will present their section with portfolio of evidence;
- (4) That cognisance BE TAKEN of annexure “A”, “B” and “C” as attached to this report.

annual report 2008/2009